CANADIAN POLAR COMMISSION

2011-2012 Annual Report

Canada

The Honourable Minister of Aboriginal Affairs

and Northern Development

Terrasses de la Chaudière

10 Wellington Street

North Tower, Room 2100

Gatineau, Quebec

K1A 0H4

Dear Minister:

On behalf of the Canadian Polar Commission, I am pleased to submit to you the Commission's annual report, which covers the period from April 1, 2011 to March 31, 2012.

Sincerely,

Bernard W. Funston, Chairperson

In 2008 the Canadian Polar Commission released *Beacons of the North*, its two-year consultative study on research infrastructure and logistics in Canada's North. The study recommended a pan-northern integrated network of research facilities, and pointed to the need for upgrades to much of Canada's northern science infrastructure. *Beacons* informed the Government of Canada's decision to invest 85 million dollars in renovations and upgrades to research and monitoring facilities across the North, through the Arctic Research Infrastructure Fund (ARIF). This annual report features photos of some of the facilities that have been improved thanks to ARIF funding.

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Mandate

Established in 1991, the Commission has responsibility for: monitoring, promoting, and disseminating knowledge of the polar regions (Arctic and Antarctic); contributing to public awareness of the importance of polar science to Canada; enhancing Canada's international profile as a circumpolar nation; and recommending polar science policy direction to government.

In carrying out its mandate, the Commission hosts conferences and workshops, publishes information on subjects of relevance to polar research, builds and maintains polar knowledge networks, and works closely with other governmental and non-governmental agencies to promote and support Canadian study of the polar regions.

The Commission serves as Canada's primary point of contact with the circumpolar scientific community, and is Canada's adhering body to the International Arctic Science Committee (IASC) and the Scientific Committee for Antarctic Research (SCAR). In addition, the Commission maintains a liaison with research organizations and institutes throughout the circumpolar world. Work with the international polar science community not only complements the Commission's work with respect to domestic research activities but also provides a means of input into multilateral scientific projects relevant to Canadian interests.

Previously housed in a building that dates from International Polar Year 1957-58 (International Geophysical Year) the Churchill Northern Studies Centre now has a large and well-equipped new facility and consumes less energy. Current projects include research on climate change, polar bears, contaminants, hydrology, tourism, and migratory waterfowl. Photo: Churchill Northern Studies Centre

Board of Directors

The Board of Directors is the governing body of the Canadian Polar Commission. Appointed by Governor in Council, they are responsible to Parliament through the Minister of Aboriginal Affairs and Northern Development. The Board provides direction and delegates authority to the Executive Director, who manages the Commission. This year the Board met in person in Edmonton and Churchill, and held one meeting by conference call.

Members

Bernard W. Funston (Chairperson)
Ottawa, Ontario

Nellie Cournoyea (Vice-Chairperson)
Inuvik, Northwest Territories

Barrie Ford
Kuujjuaq, Quebec

Martin Fortier
Quebec City, Quebec

Robert Gannicott
Toronto, Ontario

David Hik
Edmonton, Alberta

Rob Huebert
Calgary, Alberta

Maxim Jean-Louis
Sudbury, Ontario

John Nightingale
Vancouver, British Columbia

Darielle Talarico
Whitehorse, Yukon

Chairperson's Message

On behalf of the Board of the Canadian Polar Commission, I am pleased to report that there has been measureable success this year in ensuring that the Commission is a relevant and respected national institution dedicated to development and dissemination of polar knowledge.

With the appointment of a new Executive Director in March 2012, the Commission has launched a new, dynamic vision within the framework of Canada's Northern Strategy. That vision is directed at the Commission making significant contributions to Canada's leadership in the polar regions and in polar affairs.

The Canadian Polar Commission's broad mandate, set out in the *Canadian Polar Commission Act*, is to promote the development and dissemination of polar knowledge, including indigenous knowledge. The Commission's goal is to be Canada's primary national institution dedicated to polar knowledge.

During the year, the Board developed a vision for the next 3 years and a forward looking strategic plan that will not only help build CPC as a national polar knowledge centre but will also help advance Canadian engagement, leadership and authority in the Arctic and Antarctic. I am very proud of our work in developing this plan and in identifying the following key priorities that help support our mandate and contribute to the implementation of Canada's Northern Strategy:

Activate and build more networks to aggregate polar knowledge

Synthesize polar knowledge to identify opportunities, issues and trends

Communicate polar knowledge and its synthesis effectively

The scientific dimensions of our work are reflected in publications such as *International Polar Year Canadian Science Report: Highlights*. This report synthesizes Canada's scientific contributions to International Polar Year (IPY) for audiences such as the general public, schools and universities, policy makers and the media. It is planned for distribution before, during and after the final international IPY Conference, in Montreal April 22-27, 2012. This conference is the culmination of the IPY 2007-2008 process, and approximately 2,500 people are expected to attend.

The Commission is aware that we must also embrace the larger scope of polar knowledge that includes social, cultural, economic, political and geopolitical elements. Canadians who live in the North have their own unique aspirations. The Commission will be re-establishing its northern presence by hiring a Northern Coordinator and opening a northern office in the fall of 2012. We see this office as a means to further develop our northern networks and to work directly with northerners on issues of importance to them.

In coming years, the networks and partnerships which the Commission builds in the Arctic/North, in Antarctica, in Europe, in Asia and in the southern hemisphere, will be directed at advancing Canada's role as a polar nation.

We cannot make, and have not made, this progress alone. The Commission has had the support of the Minister of Aboriginal Affairs and Northern Development and continues to work collaboratively and productively with his departmental officials and with other federal departments and agencies. Their assistance and support have been instrumental in the Commission's efforts to revitalize this important Canadian institution.

Bernard W. Funston

Chairperson

Executive Director's Report

This was a year of transition for the Commission as it began implementing the strategic plan developed by the Board in 2011. I would like to provide the details of a few highlights from this past year.

Preparations for the final International Polar Year conference "From Knowledge to Action", (Montreal, April 2012) were front and centre at the Commission for much of the year. These included publishing a non-technical summary of the key results of Canada's International Polar Year projects, in line with the Commission's mandate to disseminate polar knowledge and the Board's priority to synthesize and communicate polar research findings. The report is available on the CPC web site, and in hard copy format.

In partnership with Aboriginal Affairs and Northern Development Canada, the Commission continued to support the Canadian Network of Northern Research Operators (CNNRO) and hosted its annual meeting (March 2012) in Churchill, Manitoba, at the Churchill Northern Studies Centre. This network brings greater coordination and efficiency to northern research infrastructure operations, reducing costs and improving access for researchers to a wide range of remote parts of Canada's north.

The Canadian Polar Commission is Canada's adhering body to the International Arctic Science Committee (IASC), a non-governmental, international scientific organization that encourages and facilitates international cooperation in arctic research. This year was Canada's turn to host IASC's annual Arctic Science Summit Week 2012 (ASSW). The Commission organized this prestigious event, and has planned it to coincide with the upcoming International Polar Year 2012 conference. The Commission has also developed and is hosting the ASSW 2012 website.

Canadian arctic expertise is routinely applied in the Antarctic, and what Canada learns in Antarctica - through research on ice, climate, remediation of contaminated sites, and many other areas - is also useful in the Arctic. Canada's long and distinguished record of contributions to Antarctic research is evident from the many references to Canada or Canadians on the map of Antarctica: places like Skidoo Nunatak, Bartlett Glacier, Wilson Mountains, and over a hundred more. This year the Commission continued to promote the Canadian Antarctic Research Program, which it developed with the Canadian Committee on Antarctic Research, made up of representatives from universities and from federal government departments and agencies involved with Antarctic matters. Once implemented, this program will allow Canada to become a full member of the Antarctic Treaty.

The Canadian Polar Commission is Canada's adhering body to the Scientific Committee for Antarctic Research (SCAR). This year the Commission began its preparations for the next SCAR Delegates meeting and Open Science Conference, which will take place in July 2012 in Portland, Oregon, USA.

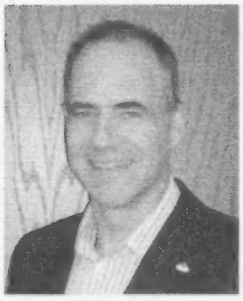
This year marked the retirement of my predecessor, Steven C. Bigras, as Executive Director of the Canadian Polar Commission. In fact, Steve's association with the Commission goes right back to its planning stages. Working with the then Department of Indian Affairs and Northern Development, he was instrumental in crafting the Commission's mandate to respond to the needs the polar research community identified in the surveys and studies that led to its establishment in 1991. As Executive Director, Steve served with distinction under four different Boards, from 1999 until his retirement in January 2012. I would like to thank him for his fine work throughout his association with the Commission.

I would also like to acknowledge our Senior Science Advisor, Jean-Marie Beaulieu, for ably standing in as Acting Executive Director until I arrived in March.

Prior to joining the Canadian Polar Commission, I served as Director of the Geological Survey of Canada's Northern Canada Division at Natural Resources Canada in Ottawa. I was the founding Chief Geologist of the Canada-Nunavut Geoscience Office in Iqaluit, and enjoyed two decades of geological field research in the eastern Canadian Arctic, mainly in Nunavut, Nunavik and Nunatsiavut. I am very excited to have the opportunity to lead the Commission in this time of rising importance of, and interest in, the polar regions of our planet.

The world is waking up to the crucial roles the Arctic and Antarctic play in global climate, ocean currents, food chains, and much more. The pressing issues we face in the polar regions -- environmental, social, economic, and geopolitical - demand intelligent responses based upon the best information available. International Polar Year 2007-2008 has brought us a wealth of new polar knowledge and has set the research agenda for the next few decades; and polar researchers are committed to maintaining the "Knowledge to Action" spirit that will guide the IPY 2012 wrap-up conference in Montreal in April. Here at home, planning for the new Canadian High Arctic Research Station, which will play a major part in the creation of new polar knowledge, is well under way. I look forward to engaging with the Board and their strategic vision, and guided by Canada's Northern Strategy, to ensuring that the Canadian Polar Commission contributes to addressing global polar issues to the benefit of Northerners and all Canadians.

David J. Scott, Ph.D.



The Canadian Polar Commission was deeply saddened by the tragic passing of Marty Bergmann in August 2011. We acknowledge his tremendous contributions to the advancement of polar knowledge, he is deeply missed by all.

Our Goal

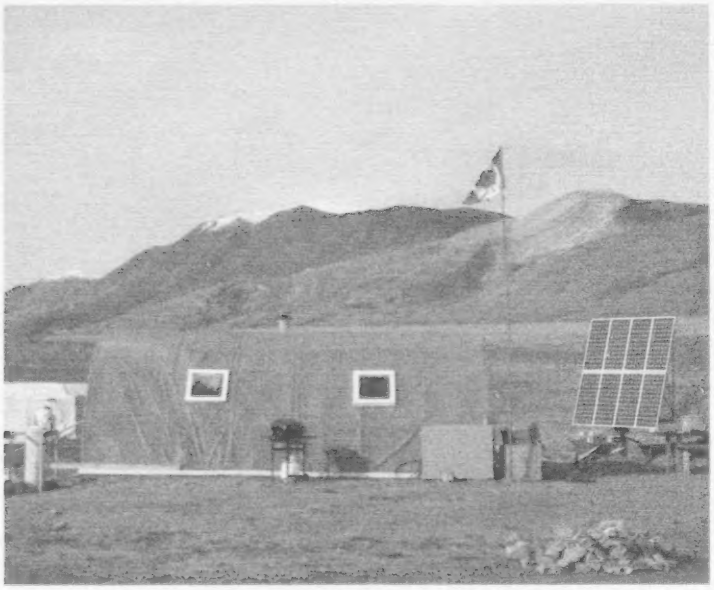
To be Canada's primary national institution dedicated to polar knowledge

Strategic Outcome

Canada fully embraces its place as a polar nation

Strategic Priorities

- Maintain and build active polar knowledge networks
- Effectively communicate polar knowledge through syntheses of research findings
- Synthesize polar knowledge to identify opportunities, issues and trends



Located on Ellesmere Island, Nunavut, in Quttinirpaaq National Park, the Lake Hazen field camp has been operating since 1957. Its current projects involve monitoring of water quality, climate, lake ice, cultural resources and plant communities. Photo:Parks Canada

The Canadian Polar Commission This Year

Supporting young researchers

As part of its efforts to attract the next generation of polar scientists, the Commission collaborates with the university community through the Association of Canadian Universities for Northern Studies (ACUNS) and scientists from institutions across the country. The Commission sits on the committees of the Canadian Northern Studies Trust and the Northern Science Training Program, and works with research and educational bodies including the Arctic Institute of North America, the Canadian Circumpolar Institute, ArcticNet, and others.

Scientists use the CEN Clearwater Lake station, in Tursujuq Provincial Park, Quebec, for studying shoreline vegetation, subarctic lakes, climate change impacts, and archaeology. Photo: Martin Fortier/ArcticNet.

Canadian Network of Northern Research Operators

Operators of research stations across Canada's North are committed to increasing the coordination and efficiency of northern research infrastructure, to reducing costs, and improving access for researchers doing fieldwork. The photos in this report feature some of these facilities, which range from sophisticated laboratories and monitoring stations to simple cabins. This year the Commission provided support to the Canadian Network of Northern Research Operators (CNNRO) and, in collaboration with the staff from the Arctic Science Policy Integration Directorate of Aboriginal

Affairs and Northern Development Canada, hosted its annual general meeting. This was the first CNNRO annual general meeting held in the North, and took place in Churchill, Manitoba in March 2012.

Canadian High Arctic Research Station (CHARS)

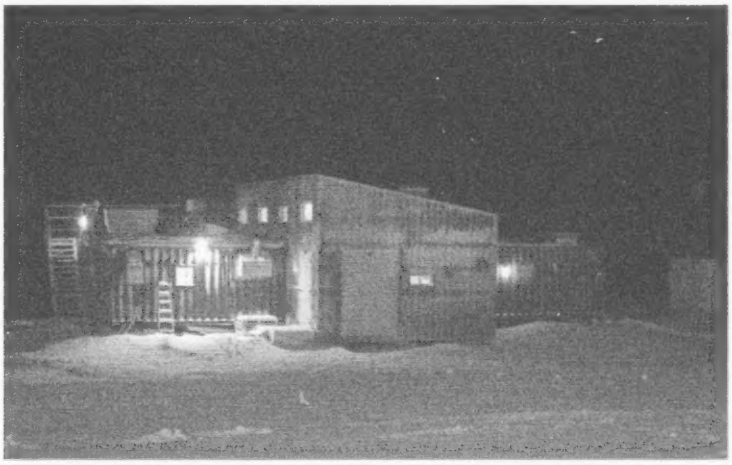
The Commission contributed its expertise to the advisory panel for the planned Canadian High Arctic Research Station. The Government views and positions CHARS as a key element of the Northern Strategy. The station, to be built in Cambridge Bay, Nunavut, will complement and reinforce Canada's existing network of arctic and subarctic research facilities.

Sustaining Arctic Observing Networks (SAON)

The Canadian Polar Commission supported Canadian participation in Sustaining Arctic Observing Networks, which coordinates and improves circumpolar arctic monitoring activities, and began providing coordination and secretariat services to the Canadian committee for SAON.

Sustaining Arctic Observing Networks (SAON) is developing an international network of long-term, coordinated, pan-arctic observing and data sharing systems for information on environmental systems and socio-economic change.

The SAON steering group includes representatives of the eight arctic countries, permanent participants in the Arctic Council, and Arctic Council working groups, as well as members from IASC and the World Meteorological Organization. It also has links to the arctic science, observing and data management activities and interests of the non-arctic countries, as well as to global observing systems.



The Polar Environment Atmospheric Research Laboratory (PEARL), located at Eureka, Nunavut, is one of the very few atmospheric observatories in the High Arctic. Above: the new expanded Ozone Profiling Atmosperic Lidar (OPAL) facility at Eureka. Photo: Pierre Fogal

International Arctic Science Committee (IASC)

The Canadian Polar Commission is Canada's adhering body to the International Arctic Science Committee (IASC), a non-governmental organization that aims to encourage, facilitate, and promote cooperation among all countries engaged in arctic research, in all disciplines and areas of the Arctic. Representing Canada on the IASC council is Dr. David Hik, who was elected president in 2011, and who is also a Commission board member. The Canadian National Committee for IASC, which was formed by the Commission, has over 40 members from governmental, non-governmental, and indigenous organizations, as well as academic and research institutes. The committee provides a direct link between Canadian northern researchers and IASC.

In April 2012, Canada will host Arctic Science Summit Week (ASSW), the annual gathering of international arctic research organizations. The many science and management meetings held during ASSW make it an important venue for international coordination, collaboration and cooperation in arctic science. The Commission has organized and is hosting the website for the event, which will take place on the margins of the International Polar Year 2012 conference in Montreal.

Scientific Committee for Antarctic Research (SCAR)

The Canadian Polar Commission is Canada's adhering body to the Scientific Committee for Antarctic Research, an interdisciplinary committee of the International Council for Science (ICSU) that initiates, develops, and coordinates high quality international Antarctic research. The Commission is responsible for representing Canada's national interests in Antarctic and bipolar science and for disseminating relevant information from SCAR to Canada's polar research community. This year the Commission began its preparations for the July 2012 SCAR Delegates Meeting and Open Science Conference in Portland Oregon, USA.

The new Old Crow (Yukon) Arctic Research Facility is owned by the Vuntut Gwichin First Nation. It can accommodate both long and short-term storage and has a basic lab with a palaeontological collection, walk-in freezer and fume hood. Photo: kobayashi + zedda architects ltd.

The Arctic Institute of North America's Kluane Lake Research Station, established in 1961, is located near world's largest non-polar icefield, and has been operating for over fifty years. It is a premier location for studying climate change through the behaviour of glaciers. Its new facilities include a dry lab, a wet lab, a computer room and offices for principal investigators. Photo: Lance Goodwin

Canadian Committee for Antarctic Research (CCAR)

The Canadian Committee for Antarctic Research is Canada's National Antarctic Committee under the provisions of SCAR. It advises on Antarctic research matters, ensures that the Canadian polar research community participates in Antarctic research planning activities, and encourages international cooperation in Antarctic and bipolar research. The Committee, with the assistance of the Polar Commission, has developed a Canadian Antarctic Research Program, which clearly outlines Canadian researchers' priorities in Antarctica - which include strengthening links between Arctic and Antarctic research -- and proposes a governance structure that includes government and non-government stakeholders. This year the Commission continued to promote the Canadian Antarctic Research Program within federal government departments and agencies involved with Antarctic matters, keeping in mind that the knowledge gained from Antarctic research contributes to our understanding of the Canadian Arctic. Officials in several federal government departments have indicated support for the program.

Arctic Council (AC)

The Arctic Council is a high-level intergovernmental forum that provides a mechanism to address the common concerns and challenges faced by the arctic governments and the people of the Arctic. In preparation for the forthcoming Canadian chairmanship of the Arctic Council in 2013, the Canadian Polar Commission continues to help Canada fulfill its commitment to supporting the Arctic Council by participating in the Canadian AC Core Working Group.

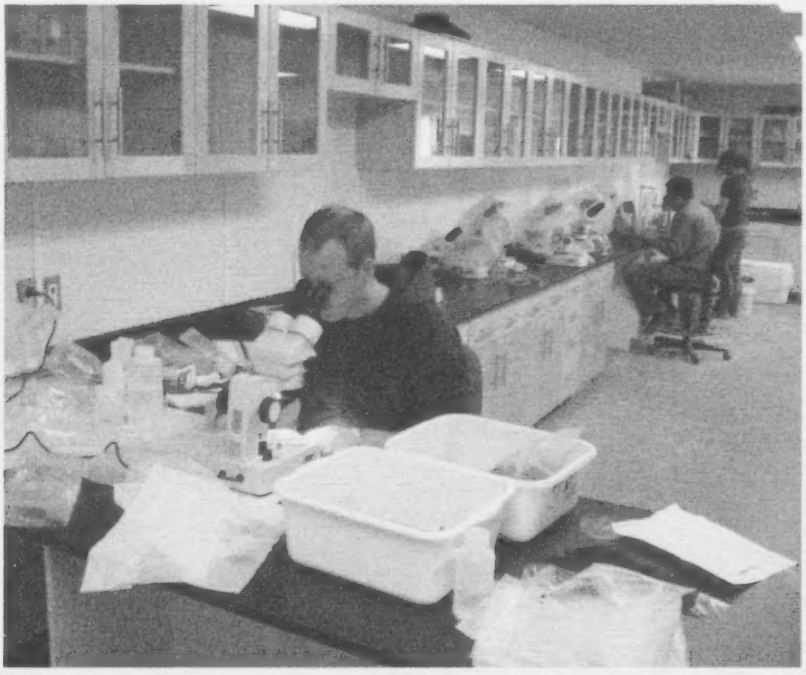
Canadian International Polar Year Science Highlights

During International Polar Year 2007-2008 (IPY) Canadian scientists worked on 52 projects, at more than 100 sites across northern Canada and aboard five Canadian icebreakers. Their findings span the breadth of arctic science, from the upper atmosphere to the land, ice, wildlife and northern communities, to the depths of the ocean. This year the Commission continued its long-term commitment to the success of IPY by publishing *International Polar Year Canadian Science Report: Highlights*, a summary for the general reader of Canada's International Polar Year science results. Planned for distribution via internet and at the International Polar Year Conference "From Knowledge to Action" in Montreal (April 2012) the report explains our scientists' key findings in the biological, geophysical, and social sciences. Produced with support and cooperation from Aboriginal Affairs and Northern Development Canada and attractively illustrated with colour graphics and photos, *Highlights* is a handy reference that gives media, elected officials, policy makers, teachers, students, and the general public ready access to Canada's International Polar Year discoveries. It can be found on the Commission website at www.polarcom.gc.ca.

The new Western Arctic Research Centre in Inuvik. NWT, is far superior to the old building, which operated for 46 years. Its improved storage, and state-of-the-art lab facilities will meet the needs of research groups. Open and bright, with display and classroom areas, it also welcomes local visitors. Photo: Aurora Research Institute

Canadian Polar Information Network (CPIN)

The Polar Commission's website is Canada's source of comprehensive and current information on polar knowledge. It includes the interactive Canadian Polar Information Network which comprises the Researcher's Directory, the Polar Science Forum, a calendar of polar events, and a map-based guide to northern research facilities. The Directory is a who's who of over 2000 Canadian northern and Antarctic experts. The Polar Science Forum provides opportunities for online information exchange, discussion, and collaboration. Its bulletin board, which is updated daily, offers a wide variety of information including job opportunities, requests for proposals, new publications, conferences and workshops, field courses, funding, scholarships, and upcoming polar events. The map of research facilities is a searchable tool that helps researchers from Canada and around the world plan their field seasons in the Canadian North.



The new Dr. Roy M. "Fritz" Koerner Laboratory in Resolute Bay, Nunavut is part of the extensive Polar Continental Shelf Program facility. Renovations and new construction have nearly doubled the capacity of the Resolute facility and have reduced its environmental impact. Photo: Natural Resources Canada, Ron DiLabio

Canadian Polar Commission
Statement of Management Responsibility Including Internal Control Over Financial Reporting

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2012 and all information contained in these statements rests with the management of the Canadian Polar Commission (Commission). These financial statements have been prepared by management using the Government's accounting policies, which are based on Canadian public sector accounting standards.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment, and gives due consideration to materiality. To fulfill its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Commission's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada, and included in the Commission's Annual Report and its Departmental Performance Report is consistent with these financial statements.

Management is also responsible for maintaining an effective system of internal control over financial reporting (ICFR) designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Financial Administration Act* and other applicable legislation, regulations, authorities and policies.

Management seeks to ensure the objectivity and integrity of data in its financial statements through careful selection, training and development of qualified staff; through organizational arrangements that provide appropriate divisions of responsibility; through communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Commission; and through conducting an annual risk-based assessment of the effectiveness of the system of ICFR.

The system of ICFR is designed to mitigate risks to a reasonable level based on an-ongoing process to identify key risks, to assess effectiveness of associated key controls, and to make any necessary adjustments.

The Commission will be subject to periodic Core Control Audits performed by the Office of the Comptroller General and will use the results of such audits to comply with the Treasury Board *Policy on Internal Control*.

In the interim, the Commission has updated its risk-based assessment of the system of ICFR for the year ended March 31, 2012, in accordance with the Treasury Board *Policy on Internal Control,* and the results and action plan are summarized in the annex.

The Office of the Auditor General, the independent auditor for the Government of Canada, has expressed an opinion on the fair presentation of the financial statements of the Commission which does not include an audit opinion on the annual assessment of the effectiveness of the Commission's internal controls over financial reporting.

Bernard Funston

Chairman of the Board

Dr. David J. Scott

Chief Financial Officer

Ottawa, Canada

Date: January 16 2013

Auditor General of Canada
Vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Canadian Polar Commission and the Minister of Aboriginal Affairs and Northern Development

I have audited the accompanying financial statements of the Canadian Polar Commission, which comprise the statement of financial position as at 31 March 2012, and the statement of operations and departmental net financial position, statement of change in departmental net debt and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Polar Commission as at 31 March 2012, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Terrance DeJong, CA
Assistant Auditor General
for the Auditor General of Canada

16 January 2013
Ottawa, Canada

Canadian Polar Commission
Statement of Financial Position
As at March 31

(in dollars)

	2012	2011 Restated (note 5)
Liabilities		
Accounts payable and accrued liabilities (note 6)	$85,273	$97,553
Vacation pay and compensatory leave	14,915	18,232
Employee future benefits (note 7)	45,509	255,322
Total liabilities	145,697	371,107
Financial assets		
Due from the Consolidated Revenue Fund	69,054	88,694
Accounts receivable and advances (note 8)	17,602	12,696
Total financial assets	86,656	101,390
Departmental net debt	59,041	269,717
Non-Financial assets		
Prepaid expenses	13,645	9,498
Tangible capital assets (note 9)	62,363	79,109
Total non-financial assets	76,008	88,607
Departmental net financial position	$16,967	($181,110)

Contractual obligations (note 10)

The accompanying notes form an integral part of these financial statements.

Bernard Funston
Chairman of the Board

Dr. David J. Scott
Chief Financial Officer

Ottawa, Canada

Date: January 16 2013

Canadian Polar Commission
Statement of Operations and Departmental Net Financial Position
For the year ended March 31
(in dollars)

	2012 Planned Results	2012	2011 Restated (note 5)
Expenses			
Program to promote, develop and disseminate polar knowledge	$722,422	$766,486	$810,167
Internal services	418,760	381,591	363,803
International Polar Year (IPY) Synthesis Report	127,500	146,373	-
Net cost of operations before government funding	1,268,682	1,294,450	1,173,970
Government funding			
Net cash provided by Government	1,279,998	1,225,770	996,812
Net cash provided by another government department (note11)	127,500	146,373	-
Services provided without charge by other government departments and agencies (note11)	133,991	140,024	136,085
Change in due from the Consolidated Revenue Fund	40,279	(19,640)	13,370
Net cost of operations after government funding	(313,086)	(198,077)	27,703
Departmental net financial position - Beginning of year	(181,110)	(181,110)	(153,407)
Departmental net financial position - End of year	$131,976	$16,967	($181,110)

Segmented information (note 12)

The accompanying notes form an integral part of these financial statements.

Canadian Polar Commission

Statement of Change in Departmental Net Debt

For the year ended March 31

(in dollars)

	2012 Planned Results	2012	2011 Restated (note 5)
Net cost of operations after government funding	($313,086)	($198,077)	$27,703
Change due to tangible capital assets			
Acquisition of tangible capital assets	9,116	7,090	7,831
Amortization of tangible capital assets	(30,910)	(23,612)	(27,081)
Loss on disposal of tangible capital assets	-	(224)	-
Total change due to tangible capital assets	(21,794)	(16,746)	(19,250)
Change due to prepaid expenses	(5,449)	4,147	6,000
Net (decrease) increase in departmental net debt	(340,329)	(210,676)	14,453
Departmental net debt - Beginning of year	269,717	269,717	255,264
Departmental net debt - End of year	($70,612)	$59,041	$269,717

The accompanying notes form an integral part of these financial statements.

Canadian Polar Commission
Statement of Cash Flow
For the year ended March 31
(in dollars)

	2012	2011 Restated (note 5)
Operating Activities		
Net cost of operations before government funding	$1,294,450	$1,173,970
Net cash provided by another government department (note 11)	(146,373)	-
Non-cash items:		
Services provided without charge by other government departments (note 11)	(140,024)	(136,085)
Amortization of tangible capital assets	(23,612)	(27,081)
Loss on disposal of tangible capital assets	(224)	-
Variations in Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	4,906	4,924
Increase (decrease) in prepaid expenses	4,147	6,000
Decrease (increase) in liabilities	12,280	(13,437)
Decrease (increase) in vacation pay	3,317	(3,080)
Decrease (increase) in employee future benefits	209,813	(16,230)
Cash used in operating activities	1,218,680	988,981
Capital Investment Activities		
Acquisition of tangible capital assets	7,090	7,831
Cash used by capital investment activities	7,090	7,831
Net cash provided by Government of Canada	$1,225,770	$996,812

The accompanying notes form an integral part of these financial statements.

Canadian Polar Commission
Notes to the Financial Statements
For the year ended March 31, 2012

1. Authority and Objectives

The Canadian Polar Commission was established on February 1, 1991 by the *Canadian Polar Commission Act* and is a departmental corporation named in Schedule II of the *Financial Administration Act*. The Commission commenced its operations on September 9, 1991. The Commission was established to promote and encourage the development and dissemination of knowledge of the polar regions; to monitor the state of polar knowledge in Canada and elsewhere; to enhance Canada's international polar profile; and to provide information about research relating to polar regions to Canadians and to Canadian organizations, institutions and associations. The Commission's operating expenses are, for the most part, funded by a budgetary lapsing authority.

The Canadian Polar Commission has two program activities: to promote, develop and disseminate polar knowledge and to provide the necessary internal services to support the delivery of its mandate.

2. Limited Funds

The *Canadian Polar Commission Act* requires the Commission to maintain one office in the National Capital Region and at least one office at a place north of sixty degrees north latitude. Notwithstanding this statutory requirement, in order to contain costs, the Commission closed its last northern office in January 2000. As of November 2012, the office has been established.

3. Summary of Significant Accounting Policies

The financial statements have been prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Parliamentary Authorities

The Commission is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Commission do not parallel financial reporting

according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Departmental Net Financial Position and in the Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 4 provides a reconciliation between the bases of reporting.

(b) Net Cash Provided by Government

The Commission operates within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash received by the Commission is deposited to the CRF and all cash disbursements made by the Commission are paid from the CRF. The Net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments and agencies of the Government.

(c) Due from the Consolidated Revenue Fund

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that the Commission is entitled to draw from the CRF without further authorities to discharge its liabilities.

(d) Revenues

Revenues are recognized in the year in which the underlying transaction or event occurred that gave rise to the revenue.

Revenues for contributions to the International Polar Year (IPY) Synthesis Report are recognized at the same time as the related expenses are incurred.

(e) Expenses

Expenses are recorded on the accrual basis.

Contributions are recognized in the year in which the recipient has met the eligibility criteria.

Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

Services provided without charge from other government departments and agencies for consulting services, employer contributions for health and dental plans and audit of the Commission's financial statements are recorded as operating expenses at their estimated cost.

(f) Employee Future Benefits

i. Pension benefits:

Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent its total obligation to the Plan. The Commission's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

ii. Severance benefits:

Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated in part using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(g) Accounts Receivable

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for receivables where recovery is considered uncertain.

(h) Foreign Currency Transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect at year end. Net gains and losses relating to the purchase of international memberships denominated in a foreign currency are included in professional and special services in the Statement of Operations and Departmental Net Financial Position.

(i) *Tangible Capital Assets*

All tangible capital assets having an initial cost of $1,000 or more are recorded at their acquisition cost. The Commission does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset class	*Amortization Period*
Office equipment	5 years
Informatics hardware	5 years
Software	5 years
Furniture and fixtures	5 years

(j) Measurement Uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee future benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

4. Parliamentary Authorities

The Commission receives most of its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and Departmental Net Financial Position and the Statement of Financial Position in one year may be funded through Parliamentary authorities in prior, current or future years. Accordingly, the Commission has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables.

(a) Reconciliation of Net Cost of Operations to Current Year Authorities Used

	2012	2011 Restated (note 5)
Net cost of operations before government funding	$1,294,450	$1,173,970
Adjustments for items affecting net cost of operations but not affecting authorities:		
Net cash provided by another government department	(146,373)	-
Services provided without charge	(140,024)	(136,085)
Amortization of tangible capital assets	(23,612)	(27,081)
Loss on disposal of tangible capital assets	(224)	-
Change in employee severance benefits	209,813	(16,230)
Change in prepaid expenses	2,000	7,854
Change in vacation pay	3,317	(3,080)
Decrease in accrued liabilities not charged to authorities	45,418	-
Other	7,208	8,134
Total items affecting net cost of operations but not affecting authorities	1,251,973	1,007,482
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	7,090	7,831
Prepaid expenses	4,147	1,333
Current year authorities used	$1,263,210	$1,016,646

(b) Authorities Provided and Used

	2012	2011
Authorities provided		
Vote 40 - Operating expenditures	$936,747	$938,944
Transfer from Treasury Board Votes for program expenditures	254,887	45,350
	1,191,634	984,294
Statutory amounts	121,259	70,143
	1,312,893	1,054,437
Less: lapsed operating	(49,683)	(37,791)
Current year authorities used	$1,263,210	$1,016,646

5. Accounting Changes

(a) Change in Accounting Policy

During 2011-12, amendments were made to *Treasury Board Accounting Standard 1.2 Departmental and Agency Financial Statements* to improve financial reporting by government departments and agencies. The amendments are effective for financial reporting of fiscal years ending March 31, 2012, and later. The significant changes to the Commission's financial statements are described below. These changes have been applied retroactively, and comparative information for 2010-11 has been restated.

Net debt (calculated as liabilities less financial assets) is now presented in the Statement of Financial Position. Accompanying this change, the Commission now presents a Statement of Change in Net Debt and no longer presents a Statement of Equity.

Government funding, as well as the credit related to services provided without charge by other government departments, are now recognized in the Statement of Operations and Departmental Net Financial Position below "Net cost of operations before government funding." In previous years, the Commission recognized these transactions directly in the Statement of Equity of Canada. The effect of this change was to decrease the "Net cost of operations after government funding" by $1,346,154 for 2012 ($955,974 for 2011).

(b) Correction of Errors Relating to Prior Years' Financial Statements

It was determined that an estimate of the employee future benefits was overstated that related to year ended March 31, 2011 and prior. This resulted in a decrease in employee future benefits liability at March

31, 2011 of $27,979 and an increase in salary and benefits for March 31, 2011 of $2,077 and an understatement of the departmental net financial position – beginning of year of $30,056.

In addition, it was also determined that amortization of certain tangible capital assets had been taken in excess of the value of the tangible capital assets in March 31, 2011 and prior. This resulted in an understatement of the tangible capital assets at March 31, 2011 of $10,564, an overstatement in the amortization expense for year ended March 31, 2011 of $3,734 and an understatement of the departmental net financial position – beginning of year of $6,830.

The effect of both accounting changes and the correction of errors relating to prior years' financial statements are illustrated in the table below:

	2011 As previously stated	a) Accounting changes	b) Correction of errors	2011 Restated
Statement of Operations and Departmental Net Financial Position:				
Total Expenses	$1,175,627	$ -	($1,657)	$1,173,970
Net cash provided by government	-	996,812	-	996,812
Change in due from Consolidated Revenue Fund	-	13,370	-	13,370
Services Provided without charge by other government departments	-	136,085	-	136,085
Departmental net financial position – Beginning of year	(190,293)	-	36,886	(153,407)
Departmental net financial position – End of Year	(219,653)	-	38,543	(181,110)
Statement of Financial Position:				
Employee future benefits	$283,301	-	($27,979)	$255,322
Tangible capital assets	68,545	-	10,564	79,109
Departmental net financial position	(219,653)	-	38,543	(181,110)

6. Accounts Payable and Accrued Liabilities

The following table presents details of the Commissions accounts payable and accrued liabilities:

	2012	2011
Accounts payable to external suppliers	$56,682	$38,747
Accrued liabilities	18,659	12,232
Accrued wages and employee benefits	9,932	46,574
Total	$85,273	$97,553

7. Employee Future Benefits

(a) Pension benefits

The Commission's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Plan. The expense amount to $47,049 at March 31, 2012 (2011 - $49,240), which represents approximately 1.8 times (2011 - 1.9 times) the contributions by employees.

The Commission's contributions to the Plan are charged to expenses in the year incurred and represent its total obligation to the Plan. The Commission's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits

The Commission provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, measured as at March 31, 2012 is as follows:

	2012	2011 Restated (note 5)
Accrued benefit obligation, beginning of the year	$255,322	$239,092
Expense for the year	10,815	16,230
Benefits paid during the year	(220,628)	-
Accrued benefit obligation, end of the year	$45,509	$255,322

As part of collective agreement negotiations with certain employee groups, and changes to conditions of employment for executives and certain non-represented employees, the accumulation of severance benefits under the employee severance pay program ceased for these employees commencing in 2012. Employees subject to these changes have been given the option to be immediately paid the full or partial valued of benefits earned to date to collect the full or remaining value of benefits on termination from the public service. These changes have been reflected in the calculation of the outstanding severance benefit obligation.

8. Accounts Receivable and Advances

The following table presents details of the Commission's accounts receivable and advances:

	2012	2011
Receivable from other government departments and agencies	$17,002	$12,096
Petty cash advance	600	600
Total	$17,602	$12,696

9. Tangible Capital Assets

Capital Asset Class	Cost Opening Balance Restated (note 5)	Acquisitions	Disposals and write-offs	Closing Balance
Office equipment	$2,229	$ -	$ -	$2,229
Informatics hardware	111,591	5,725	(2,388)	114,928
Software	42,105	-	-	42,105
Furniture and fixtures	3,888	1,365	-	5,253
Total	$159,813	$7,090	($2,388)	$164,515

	Accumulated Amortization Opening Balance Restated (note 5)	Amortization	Disposals and write-offs	Closing Balance
Office equipment	$892	$446	$ -	$1,338
Informatics hardware	66,979	13,967	(2,164)	78,782
Software	10,869	8,421	-	19,290
Furniture and fixtures	1,964	778	-	2,742
Total	$80,704	$23,612	($2,164)	$102,152

	Net Book Value	
	2012	2011 Restated (note 5)
Office equipment	$891	$1,337
Informatics hardware	36,146	44,612
Software	22,815	31,236
Furniture and fixtures	2,511	1,924
Total	$62,363	$79,109

Amortization expense for the year ended March 31, 2012 is $23,612 (2011 restated is $27,081).

Disposals of informatics hardware costing $2,388 resulted in a loss of $224.

10. Contractual Obligations

The nature of the Commission's activities can result in some large multi-year contracts and obligations whereby the Commission will be obligated to make future payments when the goods/services are received. The most significant commitment relates to an operating lease for its accommodations. Contractual obligations that can be reasonably estimated are summarized as follows:

	2013	2014	2015	2016	2017 and thereafter	Total
Operating leases	$126,981	$126,981	$123,735	$123,735	$72,179	$573,611

11. Related Party Transactions

The Commission is related as a result of common ownership to all government departments, agencies and Crown Corporations. The Commission enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Commission received common services which were obtained without charge from other government departments and agencies as disclosed below.

(a) Common Services Provided Without Charge by Other Government Departments

During the year, the Commission received services without charge from certain common service organizations, related to audit, the employer's contribution to the health and dental insurance plans and salary and associated costs of human resource management. These services provided without charge have been recorded in the Commission's Statement of Operations and Departmental net financial position as follows:

	2012	2011
Audit services provided by the Office of the Auditor General of Canada	$101,500	$95,000
Employer's contribution to the health and dental insurance plans	34,524	37,085
Salary and associated costs of human resource management provided by Aboriginal Affairs and Northern Development Canada	4,000	4,000
Total	$140,024	$136,085

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The cost of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada are not included in the Commission's Statement of Operations and Departmental net financial position.

(b) Other Transactions With Related Parties

	2012	2011
Expenses - other government departments and agencies:		
Office accommodation	$118,768	$99,037
Salaries and employee benefits	78,709	70,143
Professional services	23,128	18,726
Telephone and telecommunications	929	6,925
Printing and publishing	385	-
Office supplies	282	-
Total	$222,201	$194,831

The Commission also received $146,373 from Aboriginal Affairs and Northern Development Canada for the International Polar Year (IPY) Synthesis Report.

12. Segmented Information

Presentation by segment is based on the Commission's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of Significant Accounting Policies in note 3. The following table presents the expenses incurred for the main program activities, by major object of expenses and revenues. The segment results for the period are as follows:

	Planned Results	Program	Internal Services	IPY	Total 2012	2011 Restated (note 5)
Operating expenses						
Salaries and employee benefits	$524,198	$409,786	$108,930	$ -	$518,716	$521,423
Professional and special services	358,133	10,594	228,270	112,825	351,689	252,318
Accommodation	123,734	92,318	24,540	-	116,858	98,583
Board of Directors' Fees	80,000	89,708	-	3,795	93,503	44,955
Printing and publishing	34,099	27,710	7,366	29,753	64,829	32,163
Travel and hospitality	50,982	56,919	1,442	-	58,361	125,175
Memberships	27,000	29,294	369	-	29,663	24,685
Amortization of tangible capital assets	30,910	18,654	4,958	-	23,612	27,081
Telephone and telecommunications	15,812	10,671	2,837	-	13,508	15,489
Office supplies	13,814	10,655	2,832	-	13,487	22,098
Contributions	10,000	10,000	-	-	10,000	10,000
Loss on disposal of tangible capital assets	-	177	47	-	224	-
Net cost of operations before government funding	$1,268,682	$766,486	$381,591	$146,373	$1,294,450	$1,173,970

13. Financial Instruments

The Commission's financial instruments consist of accounts receivable and advances and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Commission is not exposed to significant interest, currency or credit risk arising from these financial instruments. Unless otherwise disclosed in these financial statements, management estimates that the carrying values of the financial instruments approximate their fair value due to their impending maturity.

14. Comparative Figures

Comparative figures have been reclassified to conform to the current year's presentation.

Annex to the Statement of Management Responsibility Including Internal Control over Financial Reporting of the Canadian Polar Commission for Fiscal Year 2011-2012 (Unaudited)

1. **Introduction**

   Under the Treasury Board *Policy on Internal Control (PIC)*, departments are required to demonstrate the measures they are taking to maintain an effective system of internal control over financial reporting (ICFR). As such, departments are expected to conduct annual assessments of their system of ICFR, establish action plans to address any necessary adjustments, and to attach to their Statements of Management Responsibility a summary of their assessment results and action plan.

   The Canadian Polar Commission (Commission) will use the results of the periodic Core Control Audit performed by the Office of the Comptroller General to adhere to the Treasury Board *Policy on Internal Control*. Until such an audit takes place, the Commission will continue with a risk-based assessment of the system of ICFR. Below is a summary of the results of the assessment conducted as at March 31, 2012.

2. **Assessment Results as of March 31, 2012**

   The Commission is still in the early stages of implementing PIC and the ICFR and will continue this work over the next three fiscal years. To date, the preliminary assessment of design effectiveness has shown that improvements are required in the documentation of processes. In addition, with year-end changes in personnel and the redesign of business processes, the design effectiveness of business process level controls needs to be revisited.

   The Commission continues to rely to a large extent on the results of the audit of its financial statements by the Office of the Auditor General. Increasing the instances of internal check in all of the business processes as well as the effectiveness of the controls related to the recording of fixed asset retention and disposal need to be addressed in 2012-13.

3. **Assessment Plan**

   Design effectiveness aims to identify and document key controls, to ensure that they are in place and aligned with the risks they aim to mitigate, and that required remediation is addressed appropriately and in a timely manner.

   The Commission plans to complete the assessment of design effectiveness of its Entity Level Controls (ELC), General Information Technology Controls (GITC) and the significant business process level controls (BPLC), focusing on, in the first instance, procurement to payment and payroll in 2012-13.

   Operating effectiveness aims to ensure that key controls are working as intended over a defined period, and that required remediation is addressed appropriately and in a timely manner.

   The operational effectiveness testing of ELC and BPLC will be completed in 2013-2014 and GITC in 2014-15.

   The Commission will commence ongoing monitoring of the system of ICFR through the development and implementation of an on-going monitoring plan.

   The Commission will, as a result, fully implement the PIC over the next 3 fiscal years.

The Nunavut Research Institute facility in Iqaluit has been completely rebuilt. Its new facilities include well-equipped laboratories classrooms, a conference facility, and storage. Photo: Nunavut Research Institute

Personnel

Dr. David J. Scott, Ph.D., Executive Director *

Sandy Bianchini, Administrative Assistant

Jean-Marie Beaulieu, Senior Science Advisor

John Bennett, Manager, Communications and Information

Laurie Buckland, Web Manager/Research Analyst

Tom Egan, Financial Consultant

Marc Meloche, Senior Policy Advisor †

*In March 2012, Dr. Scott arrived to replace former Executive Director Steven C. Bigras, who retired in January 2012.

† Additional support from Aboriginal Affairs and Northern Development Canada is being provided through the special assignment of Mr. Meloche, an employee of Aboriginal and Northern Affairs Canada, who began work at the Commission in February 2012.

Translation: Gérard Verreault
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